



FEDERAL RESERVE SYSTEM

Docket No. OP - 1500

Federal Reserve Bank Services

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Notice.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) has approved the private sector adjustment factor (PSAF) for 2015 of \$18.0 million and the 2015 fee schedules for Federal Reserve priced services and electronic access. These actions were taken in accordance with the requirements of the Monetary Control Act of 1980, which requires that, over the long run, fees for Federal Reserve priced services be established on the basis of all direct and indirect costs, including the PSAF.

DATES: The new fee schedules become effective January 2, 2015.

FOR FURTHER INFORMATION CONTACT: For questions regarding the fee schedules:

Susan V. Foley, Associate Director, (202) 452-3596; Samantha J. Pelosi, Manager, Retail Payments, (202/530-6292); Linda S. Healey, Senior Financial Services Analyst, (202) 452-5274, Division of Reserve Bank Operations and Payment Systems. For questions regarding the PSAF: Gregory L. Evans, Deputy Associate Director, (202) 452-3945; Brenda L. Haase, Manager, Financial Accounting, (202) 452-2753; or Manuel Garcia, Senior Financial Analyst, (202) 452-3480), Division of Reserve Bank Operations and Payment Systems. For users of Telecommunications Device for the Deaf (TDD) only, please call (202) 263-4869. Copies of the 2015 fee schedules for the check service are available from the Board, the Federal Reserve Banks, or the Reserve Banks' financial services web site at www.frb services.org.

Supplementary Information:

I. Private Sector Adjustment Factor, Priced Services Cost Recovery, and Overview of 2015 Price Changes

A. Overview — Each year, as required by the Monetary Control Act of 1980, the Reserve Banks set fees for priced services provided to depository institutions. These fees are set to recover, over the long run, all direct and indirect costs and imputed costs, including financing costs, taxes, and certain other expenses, as well as the return on equity (profit) that would have been earned if a private business firm provided the services. The imputed costs and imputed profit are collectively referred to as the PSAF. From 2004 through 2013, the Reserve Banks recovered 102.0 percent of their total expenses (including imputed costs) and targeted after-tax profits or return on equity (ROE) for providing priced services.¹

Table 1 summarizes 2013 actual, 2014 estimated, and 2015 budgeted cost-recovery rates for all priced services. Cost recovery is estimated to be 100.8 percent in 2014 and budgeted to be 101.9 percent in 2015.

¹ The ten-year recovery rate is based on the pro forma income statement for Federal Reserve priced services published in the Board's *Annual Report*. Effective December 31, 2006, the Reserve Banks implemented Statement of Financial Accounting Standards (SFAS) No. 158: *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* [Accounting Standards Codification (ASC) 715 *Compensation – Retirement Benefits*], which resulted in recognizing a cumulative reduction in equity related to the priced services' benefit plans. Including this cumulative reduction in equity from 2006 to 2013 results in cost recovery of 95.9 percent for the ten-year period. This measure of long-run cost recovery is also published in the Board's *Annual Report*.

Table 1

Aggregate Priced Services Pro Forma Cost and Revenue Performance^a (dollars in millions)					
YEAR	1 ^b REVENUE	2 ^c TOTAL EXPENSE	3 NET INCOME (ROE) [1-2]	4 ^d TARGETED ROE	5 ^e RECOVERY RATE AFTER TARGETED ROE [1/(2+4)]
2013 (actual)	441.3	409.3	32.0	4.2	106.7%
2014 (estimate)	429.0	419.9	9.1	5.5	100.8%
2015 (budget)	414.4	401.0	13.4	5.6	101.9%

^a Calculations in this table and subsequent pro forma cost and revenue tables may be affected by rounding.

^b Revenue includes imputed income on investments when equity is imputed at a level that meets minimum capital requirements and, when combined with liabilities, exceeds total assets (attachment 1).

^c The calculation of total expense includes operating, imputed, and other expenses. Imputed and other expenses include taxes, FDIC insurance, Board of Governors' priced services expenses, the cost of float, and interest on imputed debt, if any. Credits or debits related to the accounting for pension plans under FAS 158 [ASC 715] are also included.

^d Targeted ROE is the after-tax ROE included in the PSAF.

^e The recovery rates in this and subsequent tables do not reflect the unamortized gains or losses that must be recognized in accordance with FAS 158 [ASC 715]. Future gains or losses, and their effect on cost recovery, cannot be projected.

Table 2 provides an overview of cost-recovery performance for the ten-year period from 2004 to 2013, 2013 actual, 2014 budget, 2014 estimate, and 2015 budget by priced service.

Table 2

Priced Services Cost Recovery (percent)					
PRICED SERVICE	2004-2013	2013 ACTUAL	2014 BUDGET ^a	2014 ESTIMATE	2015 BUDGET ^b
All services	102.0	106.7	102.3	100.8	101.9
Check	102.0	115.4	108.8	114.2	105.4
FedACH	102.1	101.2	99.2	86.5	100.0
Fedwire Funds and NSS	101.5	98.6	98.0	101.3	100.8
Fedwire Securities	102.2	105.0	98.0	100.1	96.5

^a The 2014 budget figures reflect the final budgets as approved by the Board in December 2013.

^b The 2015 budget figures reflect preliminary budget information from the Reserve Bank. The Reserve Banks will submit final budget data to the Board in November 2014, for Board consideration in December 2014.

1. 2014 Estimated Performance — The Reserve Banks estimate that they will recover 100.8 percent of the costs of providing priced services in 2014, including total expense and targeted ROE of \$5.5 million, compared with a budgeted recovery rate of 102.3 percent, as shown in table 2. Overall, the Reserve Banks estimate that they will fully recover actual and imputed costs and earn net income of \$9.1 million, compared with budgeted net income of \$15.0 million. Although the check service, the Fedwire[®] Funds and National Settlement Services, and

the Fedwire Securities Service are expected to achieve full cost recovery, the FedACH[®] Service is expected to recover 86.5 percent of its costs because of a \$31.6 million charge related to its investment associated with a multiyear technology initiative to modernize its processing platform.² Greater-than-expected check volume processed by the Reserve Banks has been the single most significant factor influencing priced services cost recovery.

2. 2015 Private Sector Adjustment Factor — The 2015 PSAF for Reserve Bank priced services is \$18.0 million. This amount represents a decrease of \$5.4 million from the 2014 PSAF of \$23.4 million. This decrease is primarily the result of a reduction in the assets to be financed on the imputed priced-services balance sheet and an associated decline in the cost of debt and equity.

3. 2015 Projected Performance — The Reserve Banks project a priced services cost-recovery rate of 101.9 percent in 2015, with net income of \$13.4 million, compared to a targeted ROE of \$5.6 million. The Reserve Banks project that the check service, the FedACH Service, and the Fedwire Funds and National Settlement Service will fully recover their costs; however, the Reserve Banks project that the Fedwire Securities Service will not achieve full-cost recovery because of investment costs associated with multiyear technology initiatives to modernize its processing platform. These investments are expected to enhance efficiency, the overall quality of operations, and the Reserve Banks' ability to offer additional services to depository institutions.

The primary risks to the Reserve Banks' ability to achieve their targeted cost recovery rates are unanticipated volume and revenue reductions and the potential for cost

² The Reserve Banks have been engaged in a multiyear technology initiative to modernize the FedACH processing platform by migrating the service from a mainframe system to a distributed computing environment. In late 2013, the Reserve Banks conducted an assessment focused on the viability and cost-effectiveness of the program. As a result, the Reserve Banks in 2014 suspended the program and began to investigate the use of other technology solutions.

overruns with the technology modernization initiatives. In light of these risks, the Reserve Banks will continue to refine their business and operational strategies to manage aggressively operating costs, to increase product revenue, and to leverage efficiencies gained from technology initiatives.

4. 2015 Pricing — The following summarizes the Reserve Banks' changes in fee schedules for priced services in 2015:

Check

- In October, the Reserve Banks announced a 12:00 noon ET deadline (but not the associated fee schedules) for the FedForward[®] product line, specifically, Mixed, Select Mixed, and Premium Mixed D products, which will provide the Reserve Banks an opportunity to present forward items to paying banks one day earlier.^{3,4,5}
- In conjunction with the noon deadline, the Reserve Banks will reduce the per-item fees for tiers 1, 2, 3, and 4 within the current Mixed deposit option. For the Select Mixed option, the Reserve Banks will increase the per-item fees for non-eligible items from \$0.10 to \$0.35 and to implement a \$25 image cash letter (ICL) surcharge. For the Premium Mixed D option, the Reserve Banks will charge per-item fees \$0.002 higher than the per-

³ All times are stated in the Eastern Time Zone (ET).

⁴ Depository institutions may deposit image cash letters using nine deposit options within the FedForward product line; the options vary in price structure and funds availability. A current list of FedForward deposit options can be found at http://frbsecurities.org/servicefees/check_services_2014.html.

⁵ The Reserve Banks announced the new deadline in October, effective January 2, 2015, to provide both collecting banks and paying banks sufficient time to modify their processes to deposit and receive items at 12:00 noon and 2:00 p.m., respectively. The announcement can be found at http://www.frbsecurities.org/files/communications/pdf/check/100314_updated_new_fedforward_deposit_deadline.pdf.

item fees at the current 1:00 a.m. deadline (with the exception of the substitute check fee, which will be \$0.20 higher) and a \$25 ICL surcharge.

- The Reserve Banks will introduce two new deposit options to the FedForward Premium Mixed ICL products and to expand the list of eligible endpoints to the Select Mixed ICL products.
- The Reserve Banks will increase the FedForward Deferred Mixed ICL product per-item fees at the 5:00 a.m. and 10:00 a.m. deadlines by \$0.002 and \$0.004, respectively. The Reserve Banks will increase the FedForward Deferred Fine Sort ICL product per-item fees at the 5:00 a.m. and 10:00 a.m. deadlines by \$0.001 and \$0.002, respectively. The Reserve Banks hope to encourage depositors to shift volume from the deferred availability product to one of the immediate-availability options at 12:00 noon.

FedACH

- The Reserve Banks will modify the FedACH Minimum Origination Fee calculation to include fees associated with SameDay and FedGlobal[®] origination transactions in the computation.
- The Reserve Banks will reduce the volume tier thresholds for the FedACH Risk Management Services from 500,000 to 100,000 items monitored per month.⁶

⁶ The FedACH Risk Management Services includes FedACH Risk Origination Monitoring Service, FedACH Risk RDFI Alert Service, and FedACH Risk Returns Reporting Service. For more information, refer to <http://frbsservices.org/files/serviceofferings/pdf/FedACHRiskServices.pdf>.

Fedwire Funds and National Settlement

- The Reserve Banks will reduce the per-item fee on all transfers that exceed \$10 million (high-value transfer surcharge) from \$0.15 to \$0.14. The Reserve Banks will increase the monthly fee for the usage of the FedPayments[®] Manager import/export tool from \$45 to \$50. In addition, the Reserve Banks will increase the surcharge for offline transactions from \$45 to \$50.⁷
- The Reserve Banks will increase the Tier 1 per-item pre-incentive fee from \$0.69 to \$0.73 per transaction, increase the Tier 3 per-item pre-incentive fee from \$0.14 to \$0.15, and leave Tier 2 per-item pre-incentive fees unchanged.⁸

Fedwire Securities

- The Reserve Banks will increase the online transfer fee from \$0.54 to \$0.65.
- The Reserve Banks will increase the monthly account maintenance fee from \$40 to \$48 per account, and increase the monthly issue maintenance fee from \$0.54 to \$0.65 per issue.
- The Reserve Banks will increase the Joint Custody origination surcharge from \$40 to \$44.

⁷ The monthly fee is charged to any Fedwire Funds participant that originates a Fedwire Funds transfer message via the FedPayments Manager (FPM) Funds tool and has the import/export processing option setting active at any point during the month.

⁸ The per-item pre-incentive fee is the fee that the Reserve Banks charge for transfers that do not qualify for incentive discounts. The Tier 1 per-item pre-incentive fee applies to the first 14,000 transfers, the Tier 2 per-item pre-incentive fee applies to the next 76,000 transfers, and the Tier 3 per-item pre-incentive fee applies to any additional transfers. The Reserve Banks apply an 80 percent incentive discount to every transfer over 60 percent of a customer's historic benchmark volume.

FedLine[®] Access Solutions

- The Reserve Banks will increase the fees on legacy services, such as an additional \$10 per month for FedMail[®] Fax and \$300 per month for FedLine Direct[®] (56K). The Reserve Banks also will raise the monthly fee for the 56K additional dedicated electronic access connection by \$400 and to introduce a legacy device VPN surcharge of \$2,500 per month.⁹
- The Reserve Banks will add a new package called FedLine Advantage[®] Premier to the FedLine packaged solutions that will be priced at \$500 per month with FedTransaction Analyzer and a secondary VPN device.¹⁰
- The Reserve Banks will introduce two new tiers to the FedComplete[®] package solutions called FedComplete 100 Premier, priced at \$850 per month, and FedComplete 200 Premier, priced at \$1,375 per month, with FedLine Advantage Premier included.
- The Reserve Banks will change the name of the FedMail Email package to FedLine Exchange; there is no change to the published fee.

5. 2015 Price Index — Figure 1 compares indexes of fees for the Reserve Banks' priced services with the GDP price index starting in 2005, which is the first full year the Reserve Banks offered Check 21 services. The price index for Reserve Bank priced services is projected to increase approximately 1 percent in 2015 from the 2014 level. The price index for Check 21 services is projected to decrease approximately 3 percent. The price index for the FedACH

⁹ Effective February 1, 2015. Price will increase to \$5,000 on May 1, 2015 and \$7,500 on September 1, 2015.

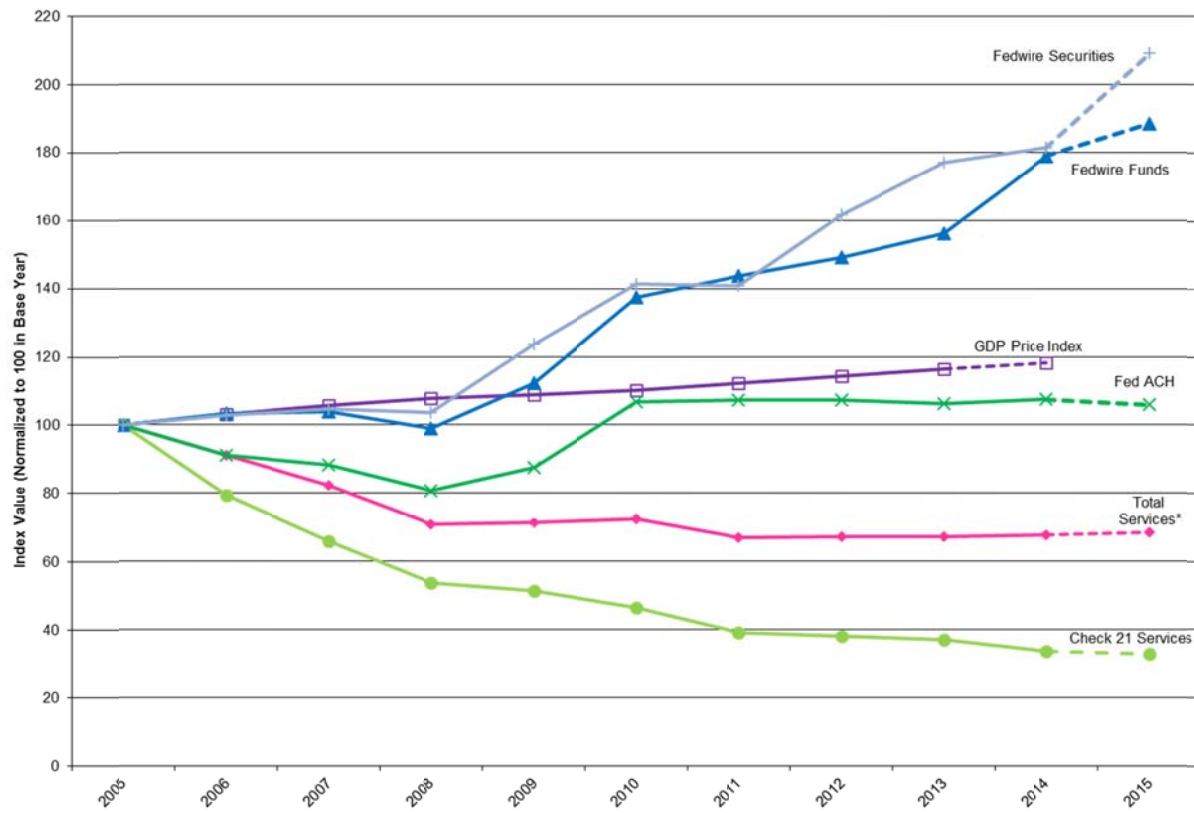
¹⁰ All customers, regardless of their chosen electronic access channel, are responsible for the purchase and installation of each VPN device.

Service is projected to decrease nearly 1 percent. The price index for the Fedwire Funds and National Settlement Services is projected to increase approximately 5 percent. The price index for the Fedwire Securities Services is projected to increase approximately 15 percent. For the period 2005 to 2014, the price index for total priced services is expected to decrease 32 percent. In comparison, for the period 2005 to 2013, the GDP price index increased 16 percent.

FIGURE 1

2015 Price Index

PRICE INDEXES FOR FEDERAL RESERVE PRICED SERVICES



* Total Services excludes legacy paper services, which now have minimal volume and are expected to generate less than \$12 million in revenue in 2015.

B. Private Sector Adjustment Factor — The imputed debt financing costs, targeted ROE, and effective tax rate are based on a U.S. publicly traded firm market model.¹¹ The method for calculating the financing costs in the PSAF requires determining the appropriate imputed levels of debt and equity and then applying the applicable financing rates. In this process, a pro forma balance sheet using estimated assets and liabilities associated with the Reserve Banks' priced services is developed, and the remaining elements that would exist are imputed, as if these priced services were provided by a private business firm. The same generally accepted accounting principles that apply to commercial-entity financial statements apply to the relevant elements in the priced services pro forma financial statements.

The portion of Federal Reserve assets that will be used to provide priced services during the coming year is determined using information about actual assets and projected disposals and acquisitions. The priced portion of these assets is determined based on the allocation of depreciation and amortization expenses of each asset class. The priced portion of actual Federal Reserve liabilities consists of postemployment and postretirement benefits, accounts payable, and other liabilities. The priced portion of the actual net pension asset or liability is also included on the balance sheet.¹²

The equity financing rate is the targeted ROE produced by the capital asset pricing model (CAPM). In the CAPM, the required rate of return on a firm's equity is equal to the return on a risk-free asset plus a market risk premium. The risk-free rate is based on the three-month Treasury bill; the beta is assumed to be equal to 1.0, which approximates the risk of the market as a whole; and the market risk premium is based on the monthly returns in excess of

¹¹ Data for U.S. publicly traded firms is from the Standard and Poor's Compustat® database. This database contains information on more than 6,000 U.S. publicly traded firms, which approximates the entirety of the U.S. market.

¹² The pension assets are netted with the pension liabilities and reported as a net asset or net liability as required by ASC 715 *Compensation – Retirement Benefits*.

the risk-free rate over the most recent 40 years. The resulting ROE reflects the return a shareholder would expect when investing in a private business firm.

For simplicity, given that federal corporate income tax rates are graduated, state income tax rates vary, and various credits and deductions can apply, an actual income tax expense is not explicitly calculated for Reserve Bank priced services. Instead, the Board targets a pre-tax ROE that would provide sufficient income to fulfill the priced services' imputed income tax obligations. To the extent that performance results are greater or less than the targeted ROE, income taxes are adjusted using the effective tax rate.

Capital structure. The capital structure is imputed based on the imputed funding need (assets less liabilities), subject to minimum equity constraints. Short-term debt is imputed to fund the imputed short-term funding need. Long-term debt and equity are imputed to meet the priced services long-term funding need at a ratio based on the capital structure of the U.S. publicly traded firm market. The level of equity must meet the minimum equity constraints, which follow the FDIC requirements for a well-capitalized institution. The priced services must maintain equity of at least 5 percent of total assets and 10 percent of risk-weighted assets.¹³ Any equity imputed that exceeds the amount needed to fund the priced services' assets and meet the minimum equity constraints is offset by a reduction in imputed long-term debt. When imputed equity is larger than what can be offset by imputed debt, the excess is imputed as investments in Treasury securities; income imputed on these investments reduces the PSAF.

¹³ The FDIC rule, which was adopted as final on April 8, 2014, requires that well-capitalized institutions meet or exceed the following standards: 1) total capital to risk-weighted assets ratio of at least 10 percent, 2) tier 1 capital to risk-weighted assets ratio of at least 8 percent, 3) common equity tier 1 capital to risk-weighted assets ratio of at least 6.5 percent, and 4) a leverage ratio (tier 1 capital to total assets) of at least 5 percent. Since all of the Federal Reserve priced services' equity on the pro forma balance sheet qualifies as tier 1 capital, only requirements 1 and 4 are binding. The FDIC rule can be located at https://www.fdic.gov/news/board/2014/2014-04-08_notice_dis_c_fr.pdf.

Application of the Payment System Risk (PSR) Policy to the Fedwire Services.

The Board recently approved revisions to the PSR policy to reflect the new international standards for financial market infrastructures (FMIs) developed by the Committee on Payment and Settlement Systems and the Technical Committee of the International Organization of Securities Commissions in the *Principles for Financial Market Infrastructures*. The revised policy retains the expectation that the Fedwire Services will meet or exceed the applicable risk-management standards. Principle 15 states that an FMI should identify, monitor, and manage general business risk and hold sufficient liquid net assets funded by equity to cover potential general business losses so that it can continue operations and services as a going concern if those losses materialize. Further, liquid net assets should at all times be sufficient to ensure a recovery or orderly wind-down of critical operations and services. The Fedwire Services do not face the risk that a business shock would cause the service to wind down in a disorderly manner and disrupt the stability of the financial system. In order to foster competition with private-sector FMIs, however, the Reserve Banks' priced services will hold six months of the Fedwire Funds Service's current operating expenses as liquid net financial assets and equity on the pro forma balance sheet.¹⁴ Current operating expenses are defined as normal business operating expenses on the income statement less depreciation, amortization, taxes, and interest on debt. The Fedwire Funds Service's six months of operating expenses are computed based on its 2015 budget at \$47.7 million.¹⁵ The revised PSR policy requirement is met in 2015 by the investments and equity imputed to the priced services balance sheet; therefore, there is no need to impute additional assets or equity.

¹⁴ This requirement, which becomes effective on December 31, 2015, does not apply to the Fedwire Securities Service. There are no competitors to the Fedwire Securities Service that will face such a requirement, and imposing such a requirement when pricing securities services could artificially increase the cost of these services.

¹⁵ 2015 budget pro forma as of October 8, 2014 based on initial transmission data.

Effective tax rate. As with the imputed capital structure, the effective tax rate is calculated based on data from U.S. publicly traded firms. The tax rate is the mean of the weighted average rates of the U.S. publicly traded firm market over the past 5 years.

Debt and equity financing. The imputed short- and long-term debt financing rates are derived from the nonfinancial commercial paper rates from the Federal Reserve Board's H.15 Selected Interest Rates release (AA and A2/P2) and the annual Merrill Lynch Corporate & High Yield Index rate, respectively. The rates for debt and equity financing are applied to the priced services estimated imputed short-term debt, long-term debt, and equity needed to finance short- and long-term assets and meet equity requirements.

The decrease in the 2015 PSAF is primarily due to lower financing costs as a result of fewer priced services assets to be financed than in 2014. Debt and equity financing rates declined and less debt and equity was imputed to fund priced services assets.

Projected 2015 Federal Reserve priced-services assets, reflected in table 3, have decreased \$107.3 million from 2014, which is primarily the result of a decline in the deferred tax asset. As shown in table 3, the amount of long-term debt for the 2015 PSAF is \$81.9 million, a decline of \$37.4 million from \$119.3 million in 2014. Imputed equity for 2015 is \$71.9 million, a decrease of approximately \$10.4 million from the equity imputed for 2014. In accordance with FAS 158 [ASC 715], this amount includes an accumulated other comprehensive loss of \$523.7 million.

Table 4 reflects the portion of short- and long-term assets that must be financed with actual or imputed liabilities and equity. Debt and equity imputed to fund the 2015 priced services assets within the observed market leverage ratio produced an equity level that did not meet the FDIC minimum equity requirements. As a result, additional equity was imputed to

meet the FDIC requirements and imputed long-term debt was reduced. The ratio of capital to risk-weighted assets meets the required 10 percent of risk-weighted assets and equity exceeds 5 percent of total assets (table 6). In 2014, long-term debt and equity was imputed to meet the asset funding requirements and reflects the leverage ratio observed in the market; no additional equity was required (table 5).

Table 5 shows the derivation of the 2015 and 2014 PSAF. Financing costs for 2015 are \$4.3 million lower than in 2014. In addition to the decline in the levels of debt and equity mentioned above, the long-term debt and cost of equity declined 9 basis points and 5 basis points, respectively. The reduced equity balance and the lower cost of equity result in a pre-tax ROE that is \$1.4 million lower than the 2014 pre-tax ROE. Imputed sales taxes declined to \$3.3 million in 2015 from \$3.5 million in 2014. The priced services portion of the Board's expenses decreased \$0.8 million to \$3.3 million in 2015 from \$4.1 million in 2014. The effective income tax rate used in 2015 decreased to 22.4 percent from 37.2 percent in 2014.

Table 3
Comparison of Pro Forma Balance Sheets for Budgeted Federal Reserve Priced Services
(millions of dollars – projected average for year)

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Short-term assets			
Receivables	34.5	35.8	(1.3)
Materials and supplies	0.6	0.7	(0.1)
Prepaid expenses	11.0	11.1	(0.1)
Items in process of collection ¹⁶	151.0	200.0	(49.0)
Total short-term assets	197.2	247.7	(50.5)
Imputed investments¹⁷	\$ 600.0	\$ 600.0	\$ 0.0
Long-term assets			
Premises ¹⁸	\$ 116.2	\$ 123.6	\$ (7.4)
Furniture and equipment	39.9	37.6	2.3
Leasehold improvements and long-term prepayments	91.5	103.3	(11.7)
Net pension asset	79.6	39.3	40.2
Deferred tax asset	222.8	303.1	(80.2)
Total long-term assets	550.0	606.8	(56.8)
Total assets	<u>\$ 1,347.2</u>	<u>\$ 1,454.5</u>	<u>\$ (107.3)</u>
Short-term liabilities			
Deferred credit items	\$ 751.0	\$ 800.0	\$ (49.0)
Short-term debt	18.5	22.2	(3.6)
Short-term payables	27.6	25.5	2.1
Total short-term liabilities	797.2	847.7	(50.5)
Long-term liabilities			
Long-term debt	\$ 81.9	\$ 119.3	\$ (37.4)
Postemployment/postretirement benefits and net pension liabilities ¹⁹	396.3	405.2	(8.9)
Total liabilities	\$ 1,275.3	\$ 1,372.2	\$ (96.9)
Equity^{17,20}	\$ 71.9	\$ 82.3	\$ (10.4)
Total liabilities and equity	<u>\$ 1,347.2</u>	<u>\$ 1,454.5</u>	<u>\$ (107.3)</u>

¹⁶ Credit float, which represents the difference between items in process of collection and deferred credit items, occurs when the Reserve Banks debit the paying bank for transactions prior to providing credit to the depositing bank. Float is directly estimated at the service level.

¹⁷ Consistent with the Federal Reserve Policy on Payment System Risk, the Reserve Banks' priced services will hold six months of the Fedwire Funds Service's current operating expenses as liquid net financial assets and equity on the pro forma balance sheet. Six months of the Fedwire Funds Service's projected operating expenses is \$47.7 million. As this requirement takes effect on the last day of the year, the minimum liquid financial assets and equity requirement is \$0.1 million (\$47.7 million/365). The investments and equity imputed to the priced services balance sheet of \$600 million and \$71.9 million, respectively, are greater than the liquid financial assets and equity required; therefore no additional imputation is necessary.

¹⁸ Includes the allocation of Board of Governors assets to priced services of \$0.7 and \$0.6 million for 2015 and 2014, respectively.

¹⁹ Includes the allocation of Board of Governors liabilities to priced services of \$0.6 million and \$0.6 million for 2015 and 2014, respectively.

²⁰ Includes an accumulated other comprehensive loss of \$523.7 million for 2015 and \$497.5 million for 2014, which reflects the ongoing amortization of the accumulated loss in accordance with FAS 158 [ASC 715]. Future gains or losses, and their effects on the pro forma balance sheet, cannot be projected. See table 5 for calculation of required imputed equity amount.

Table 4
Imputed Funding for Priced-Services Assets
(millions of dollars)

	2015	2014
A. Short-term asset financing		
Short-term assets to be financed		
Receivables	\$ 34.5	\$ 35.8
Materials and supplies	0.6	0.7
Prepaid expenses	11.0	11.1
Total short-term assets to be financed	<u>\$ 46.2</u>	<u>\$ 47.7</u>
Short-term payables	27.6	25.5
Net short-term assets to be financed	<u>\$ 18.5</u>	<u>\$ 22.2</u>
Imputed short-term debt financing ²¹	<u>\$ 18.5</u>	<u>\$ 22.2</u>
B. Long-term asset financing		
Long-term assets to be financed		
Premises	\$ 116.2	\$ 123.6
Furniture and equipment	39.9	37.6
Leasehold improvements and long-term prepayments	91.5	103.3
Net pension asset	79.6	39.3
Deferred tax asset	222.8	303.1
Total long-term assets to be financed	<u>\$ 550.0</u>	<u>\$ 606.8</u>
Postemployment/postretirement benefits and net pension liabilities	396.3	405.2
Net long-term assets to be financed	<u>\$ 153.8</u>	<u>\$ 201.6</u>
Imputed long-term debt ²¹	\$ 81.9	\$ 119.3
Imputed equity ²¹	71.9	82.3
Total long-term financing	<u>\$ 153.8</u>	<u>\$ 201.6</u>

²¹ See table 5 for calculation.

Table 5
Derivation of the 2015 and 2014 PSAF
(dollars in millions)

	2015		2014	
A. Imputed long-term debt and equity				
	<u>Debt</u>	<u>Equity</u>	<u>Debt</u>	<u>Equity</u>
Net long-term assets to finance	\$ 153.8	\$ 153.8	\$ 201.6	\$ 201.6
Capital structure observed in market	58.2%	41.8%	59.2%	40.8%
Pre-adjusted long-term debt and equity	\$ 89.5	\$ 64.3	\$ 119.3	\$ 82.3
Equity adjustments offset by ²² :				
Imputed long-term debt	(7.6)	7.6	-	-
Imputed investments	-	-	-	-
	<u>\$ 81.9</u>	<u>\$ 71.9</u>	<u>\$ 119.3</u>	<u>\$ 82.3</u>
B. Cost of capital				
Elements of capital costs				
Short-term debt ²³	\$ 18.5 x 0.2% =	\$ 0.0	\$ 22.2 x 0.2% =	\$ 0.0
Long-term debt ²³	81.9 x 5.0% =	4.1	119.3 x 5.9% =	7.0
Equity ²⁴	71.9 x 10.1% =	7.3	82.3 x 10.6% =	8.7
		<u>\$ 11.4</u>		<u>\$ 15.8</u>
C. Other required PSAF costs				
Sales taxes	\$ 3.3		\$ 3.5	
Board of Governors expenses	<u>3.3</u>		<u>4.1</u>	
		6.6		7.6
		<u>\$ 18.0</u>		<u>\$ 23.4</u>
D. Total PSAF				
As a percent of assets		1.3%		1.6%
As a percent of expenses		4.5%		5.6%
E. Tax rates		22.4%		37.2%

²² If minimum equity constraints are not met after imputing equity based on the capital structure observed in the market, additional equity is imputed to meet these constraints. The long-term funding need was met by imputing long-term debt and equity based on the capital structure observed in the market (see tables 4 and 6). In 2014, the amount of imputed equity was based on the minimum equity requirements for risk-weighted assets, or 10%.

²³ Imputed short-term debt and long-term debt are computed at table 4.

²⁴ The 2015 ROE is equal to a risk-free rate plus a risk premium (beta * market risk premium). The 2015 after-tax CAPM ROE is calculated as 0.03% + (1.0 * 7.83%) = 7.86%. Using a tax rate of 22.4%, the after-tax ROE is converted into a pretax ROE, which results in a pretax ROE of (7.86% / (1-22.4%)) = 10.1%. Calculations may be affected by rounding.

Table 6
Computation of 2015 Capital Adequacy for Federal Reserve Priced Services
(dollars in millions)

	<u>Assets</u>	<u>Risk Weight</u>	<u>Weighted Assets</u>
Imputed investments:			
3-month Treasury bills ²⁵	\$ -	-	\$ -
Federal funds ²⁶	600.0	0.2	120.0
Total imputed investments	600.0		
Receivables	\$ 34.5	0.2	\$ 6.9
Materials and supplies	0.6	1.0	0.6
Prepaid expenses	11.0	1.0	11.0
Items in process of collection	151.0	0.2	30.2
Premises	116.2	1.0	116.2
Furniture and equipment	39.9	1.0	39.9
Leasehold improvements and long-term prepayments	91.5	1.0	91.5
Pension asset	79.6	1.0	79.6
Deferred tax asset	222.8	1.0	222.8
	<u>\$ 1,347.2</u>		<u>\$ 718.8</u>
Total			
	<u>\$ 1,347.2</u>		<u>\$ 718.8</u>
Imputed equity			\$ 71.9
Capital to risk-weighted assets	10.0 %		
Capital to total assets	5.3 %		

²⁵ If minimum equity constraints are not met after imputing equity based on all other financial statement components, additional equity is imputed to meet these constraints. Additional equity imputed to meet minimum equity requirements is invested solely in Treasury securities. The imputed investments are similar to those for which rates are available on the Federal Reserve's H.15 statistical release, which can be located at <http://www.federalreserve.gov/releases/h15/data.htm>.

²⁶ The investments are imputed based on the amounts arising from the collection of items prior to providing credit according to established availability schedules.

C. Check Service — Table 7 shows the 2013 actual, 2014 estimated, and 2015 budgeted cost-recovery performance for the commercial check service.

Table 7

Check Service Pro Forma Cost and Revenue Performance (dollars in millions)					
YEAR	1 REVENUE	2 TOTAL EXPENSE	3 NET INCOME (ROE) [1-2]	4 TARGETED ROE	5 RECOVERY RATE AFTER TARGETED ROE [1/(2+4)]
2013 (actual)	198.9	170.7	28.2	1.7	115.4%
2014 (estimate)	172.5	149.1	23.4	1.9	114.2%
2015 (budget)	151.8	142.0	9.8	2.0	105.4%

1. 2014 Estimate — The Reserve Banks estimate that the check service will recover 114.2 percent of total expenses and targeted ROE, compared with a 2014 budgeted recovery rate of 108.8 percent. Greater-than-expected check volumes processed by the Reserve Banks and lower-than-expected costs have influenced significantly the check services cost recovery.^{27,28}

The decline in Reserve Bank check volume, which is attributable to the decline in the number of checks written generally, was not as great as anticipated. Through September, total forward check volume is 4.5 percent lower and total return check volume is 12.4 percent lower than for the same period last year. For full-year 2014, the Reserve Banks estimate that their total forward check volume will decline 5.1 percent (compared to a budgeted decline of nearly 9 percent) and their total return check volume will decline 13.0 percent (compared to a budgeted decline of about 14 percent) from 2013 levels.²⁹

²⁷ The greater-than-expected check volume is attributed to continued enhancements of two strategic FedForward product offerings, specifically select mixed and premium mixed.

²⁸ Operating costs are expected to be \$2.1 million lower than the original 2014 budget due to operational efficiencies in check processing as well as lower than budgeted information technology costs. Pension costs are also projected to be \$3.5 million under the original budget.

²⁹ Total Reserve Bank forward check volumes are expected to drop from roughly 6.0 billion in 2013 to 5.7 billion in 2014. Total Reserve Bank return check volumes are expected to drop from roughly 42.1 million in 2013 to 36.6 million in 2014.

2. 2015 Pricing — The Reserve Banks project that the check service will recover 105.4 percent of total expenses and targeted ROE in 2015. The Reserve Banks project revenue to be \$151.8 million, a decline of 12 percent from 2014. This decline is driven largely by projected reductions in both forward check and return check volume. The Reserve Banks estimate that total Reserve Bank forward check volumes will decline nearly 7 percent to 5.3 billion and return check volumes will decline approximately 14 percent to 31.3 million in 2015. Total expenses for the check service are projected to be \$142.0 million, a decline of nearly 5 percent from 2014. The reduction in check costs is driven primarily by the cost savings associated with the implementation of a more efficient check processing platform and the full decommissioning of the legacy platform.³⁰

The Reserve Banks announced in October a 12:00 noon deadline (but not the associated fees) for three deposit options within the current FedForward product line, specifically, Mixed, Premium Mixed D, and Select Mixed products, to provide an opportunity for the bank of first deposit to present forward items to paying banks one day earlier.^{31,32} For the Mixed deposit option, the Reserve Banks will reduce the per-item fees for tiers 1, 2, 3, and 4 from the current 10:00 a.m. deposition option, as seen in table 8.³³ For the Select Mixed option, the Reserve Banks will increase the per-item fees for non-eligible items from \$0.10 to \$0.35 and to implement a \$25 ICL surcharge.³⁴ For the Premium Mixed D option, the Reserve Banks will

³⁰ The Reserve Banks completed a multi-year check platform modernization initiative in October 2012.

³¹ Depository institutions deposit image cash letters using nine deposit options within the FedForward product line, which vary in price structure and funds availability. A current list of FedForward deposit options can be found at http://frbsservices.org/servicefees/check_services_2014.html.

³² The Reserve Banks announced the deadline in October, effective January 2, 2015, to provide both collecting banks and paying banks enough time to modify their processes to deposit and receive items at 12:00 noon and 2:00 p.m., respectively. The announcement can be found at http://www.frbsservices.org/files/communications/pdf/check/100314_updated_new_fedforward_deposit_deadline.pdf.

³³ The Mixed product option allows customers to send forward collection items in a mixed cash letter at various deadlines for a lower cash letter fee and higher electronic per-item fee.

³⁴ The Select Mixed product option allows customers to send forward collection items drawn on specific endpoints in a separate cash letter, which combines a high fixed fee with a lower per-item variable fee. All eligible items in the cash letter receive immediate availability and qualify for the special pricing while ineligible items receive deferred availability of the next business

charge per-item fees \$0.002 higher than the per-item fees at the current 1:00 a.m. deadline (with the exception of the substitute check fee, which will be \$0.20 higher) and a \$25 ICL surcharge.³⁵

Table 8

FedForward Mixed Image Cash Letter ^{a,b}				
Deadline	9:00 p.m.	1:00 a.m.	5:00 a.m.	12:00 p.m.
Cash letter fee	\$3.50	\$4.50	\$6.50	\$6.50
Tier 1	\$0.0080	\$0.0230	\$0.0500	\$0.0700
Tier 2	\$0.0200	\$0.0330	\$0.0800	\$0.1000
Tier 3	\$0.0300	\$0.0500	\$0.2000	\$0.2200
Tier 4	\$0.0400	\$0.0600	\$0.2500	\$0.2700
Substitute check ^c	\$0.1500	\$0.1500	\$0.3000	\$0.3500
FedForward Premium Mixed D Image Cash Letter ^{a,b}				
Deadline	1:00 a.m.		12:00 p.m.	
Cash letter fee ^d	\$500.00		\$500.00	
Cash letter surcharge ^c	-		\$25.00	
Tier 1	\$0.0040		\$0.0060	
Tier 2	\$0.0170		\$0.0190	
Tier 3	\$0.0280		\$0.0300	
Tier 4	\$0.0390		\$0.0410	
Substitute check ^c	\$0.1500		\$0.3500	
FedForward Select Mixed Image Cash Letter ^{a,b}				
Deadline	5:00 a.m.		12:00 p.m.	
	Level 1	Level 2	Level 1	Level 2
Daily fixed fee	\$2,200.00	\$900.00	\$2,200.00	\$900.00
Cash letter surcharge ^c	-	-	\$25.00	\$25.00
Tier 1	\$0.0020	\$0.0020	\$0.0020	\$0.0020
Tier 2	\$0.0040	\$0.0060	\$0.0040	\$0.0060
Tier 3	\$0.0060	\$0.0080	\$0.0060	\$0.0080
Non-eligible endpoints	\$0.1000	\$0.1000	\$0.3500	\$0.3500

^a All deadlines are Monday through Friday.

^b A current list of FedForward endpoint tier listings can be found at http://www.frb services.org/servicefees/check21_endpoint_listing.html.

^c The surcharge will apply to each cash letter received between 5:00 a.m. and 12:00 p.m., in addition to the daily fixed fee.

^d Depositors who send more than the allowed maximum number of files will be charged a \$35.00 file overage fee for each additional cash letter. The maximum number of cash letters per day for the Premium Mixed D product is 35.

^e The Reserve Bank's Check 21 service fees include separate and substantially different fees for the delivery of checks to electronic endpoints versus paper substitute check endpoints.

day and pay a higher per-item fee. A current list of Select Mixed endpoints can be found at http://www.frb services.org/servicefees/check21_endpoint_listing.html.

³⁵ The Premium Mixed product option allow customers to send forward collection items within a specific number of mixed cash letters for a daily fixed fee and a lower per-item fee. A surcharge, or overage fee, is charged for each cash letter deposited over the published threshold. Premium Mixed depositors are not eligible to use Fine Sort and Deferred Fine Sort products.

The Reserve Banks will introduce two new deposit options to the FedForward Premium Mixed ICL products, Premium Mixed E and F, as seen in table 9.

Table 9

FedForward Premium Mixed Image Cash Letter ^{a,b}				
Deadline	Premium Mixed E ^c		Premium Mixed F ^c	
	5:00 a.m.	12:00 p.m.	5:00 a.m.	12:00 p.m.
Daily fixed fee ^d	\$325.00	\$325.00	\$650.00	\$650.00
Cash letter surcharge ^e	-	\$25.00	-	\$25.00
Tier 1	\$0.0040	\$0.0060	\$0.0040	\$0.0060
Tier 2	\$0.0170	\$0.0190	\$0.0170	\$0.0190
Tier 3	\$0.0280	\$0.0300	\$0.0280	\$0.0300
Tier 4	\$0.0390	\$0.0410	\$0.0390	\$0.0410
Substitute Checks ^f	\$0.3000	\$0.3500	\$0.3000	\$0.3500

^a All deadlines are Monday through Friday.

^b A current list of FedForward endpoint tier listings can be found at http://www.frb services.org/servicefees/check21_endpoint_listing.html.

^c Premium Mixed E and Premium Mixed F products are not eligible to use Fine Sort or Deferred Fine Sort products.

^d Depositors who send more than the allowed maximum number of files will be charged a \$35.00 file overage fee for each additional cash letter. The maximum number of cash letters per day for Premium Mixed E and Premium Mixed F is 30 and 60, respectively.

^e The surcharge will apply to each cash letter received between 5:00 a.m. and 12:00 p.m., in addition to the daily fixed fee.

^f The Reserve Bank's Check 21 service fees include separate and substantially different fees for the delivery of checks to electronic endpoints versus paper substitute check endpoints.

The Reserve Banks will increase the FedForward Deferred Mixed ICL product per-item fees at the 5:00 a.m. and 10:00 a.m. deadlines by \$0.002 and \$0.004, respectively. They also will increase the FedForward Deferred Fine Sort ICL product per-item fees at the 5:00 a.m. and 10:00 a.m. deadlines by \$0.001 and \$0.002, respectively. The Reserve Banks hope to encourage depositors to shift volume from the deferred-availability product to one of the immediate-availability options at 12:00 noon. The Reserve Banks estimate that the price changes will result in an approximate 0.5 percent average price decrease for check customers.

Risks to the Reserve Banks' ability to achieve budgeted 2015 cost recovery for the check service include greater-than-expected check volume losses due to reductions in check writing overall and competition from correspondent banks, aggregators, and direct exchanges,

which would result in lower-than-anticipated revenue, and higher-than-expected support and overhead costs.

D. FedACH Service — Table 10 shows the 2013 actual, 2014 estimate, and 2015 budgeted cost-recovery performance for the commercial FedACH service.

Table 10

FedACH Service Pro Forma Cost and Revenue Performance (dollars in millions)					
YEAR	1 REVENUE	2 TOTAL EXPENSE	3 NET INCOME (ROE) [1-2]	4 TARGETED ROE	5 RECOVERY RATE AFTER TARGETED ROE [1/(2+4)]
2013 (actual)	118.9	116.3	2.6	1.2	101.2%
2014 (estimate)	123.3	140.9	-17.6	1.7	86.5%
2015 (budget)	124.4	122.6	1.8	1.7	100.0%

1. 2014 Estimate — The Reserve Banks estimate that the FedACH service will recover 86.5 percent of total expenses and targeted ROE, compared with a 2014 budgeted recovery rate of 99.2 percent. The shortfall in the FedACH Service is due to a \$31.6 million charge related to its investment associated with a multiyear technology initiative to modernize its processing platform.³⁶ The Reserve Banks' long-term cost recovery average, from 2003 to 2014, is 102.1 percent. Through September, FedACH commercial origination and receipt volume was 4.1 percent higher than it was during the same period last year. The Reserve Banks believe that the volume growth will continue at the same pace for the full year 2014, higher than the 3.0 budgeted volume increase.

2. 2015 Pricing — The Reserve Banks expect the FedACH service to recover 100.0 percent of total expenses and targeted ROE in 2015. FedACH commercial origination and receipt volume is projected to grow 3.5 percent contributing to an increase of \$1.1 million in

³⁶ The Reserve Banks have been engaged in a multiyear technology initiative to modernize the FedACH processing platform by migrating the service from a mainframe system to a distributed computing environment. In late 2013, the Reserve Banks conducted an assessment focused on the viability and cost-effectiveness of the program. As a result, the Reserve Banks in 2014 suspended the program and began to investigate the use of other technology solutions.

total revenue from the 2014 estimate. Total expenses are budgeted to decrease \$900 thousand from 2014 budgeted expenses of \$125.3 million, primarily because of efficiencies gained from synergies between the check and ACH operations.

The Reserve Banks will modify the FedACH Minimum Origination Fee calculation to include fees associated with SameDay and FedGlobal origination transactions in the computation.³⁷ The Reserve Banks will reduce the tier volume thresholds for the FedACH Risk Management Services from 500,000 to 100,000 items reviewed per month.

The primary risks to the Reserve Banks' ability to achieve budgeted 2015 cost recovery for the FedACH service are cost overruns associated with unanticipated problems related to infrastructure currency efforts and higher-than-expected support and overhead costs. Other risks include lower-than-expected volume and associated revenue due to unanticipated mergers and acquisitions and loss of market share due to direct exchanges and a shift of volume to the private-sector operator.

E. Fedwire Funds and National Settlement Services — Table 11 shows the 2013 actual, 2014 estimate, and 2015 budgeted cost-recovery performance for the Fedwire Funds and National Settlement Services.

³⁷ Each Originating Depository Financial Institution (ODFI) is charged a minimum of \$35 per month in forward value and non-value item origination fees. The fees associated with domestic FedACH, SameDay, and FedGlobal originations are collectively subject to the minimum fee.

Table 11

Fedwire Funds and National Settlement Services Pro Forma Cost and Revenue Performance (dollars in millions)					
YEAR	1 REVENUE	2 TOTAL EXPENSE	3 NET INCOME (ROE) [1-2]	4 TARGETED ROE	5 RECOVERY RATE AFTER TARGETED ROE [1/(2+4)]
2013 (actual)	96.7	97.1	-0.3	1.0	98.6%
2014 (estimate)	109.5	106.6	2.9	1.5	101.3%
2015 (budget)	112.2	109.8	2.4	1.5	100.8%

1. 2014 Estimate — The Reserve Banks estimate that the Fedwire Funds and National Settlement Services will recover 101.3 percent of total expenses and targeted ROE, compared with a 2014 budgeted recovery rate of 98.0 percent. The higher-than-budgeted cost recovery is primarily due to lower-than-expected operating costs, which offset weaker-than-anticipated volumes and associated revenue.

Through September, Fedwire Funds Service online volume was 0.6 percent lower than for the same period last year. For full-year 2014, the Reserve Banks estimate Fedwire Funds Service online volume to decline 1.1 percent from 2013 levels, compared to the 3.8 percent volume increase that had been budgeted. Through September, National Settlement Service settlement file volume was unchanged from the same period last year, while settlement entry volume was 5.6 percent lower. For the full year, the Reserve Banks estimate that settlement file volume will decrease 2.8 percent (same as budgeted) and settlement entry volume will decrease 7.3 percent from 2013 levels (compared to a budgeted 1.8 percent increase).

2. 2015 Pricing — The Reserve Banks expect the Fedwire Funds Service to recover 100.8 percent of total expenses and targeted ROE. Revenue is projected to be \$112.2 million, an increase of 2.5 percent from 2014. The Reserve Banks project total expenses to be \$3.2 million higher than the 2014 estimate.

The Reserve Banks will adjust the incentive pricing fees for the Fedwire Funds Service by increasing the Tier 1 per item pre-incentive fee (the fee before volume discounts are applied) from \$0.69 to \$0.73 and increasing the Tier 3 per item pre-incentive fee from \$0.14 to \$0.15. The Reserve Banks intend to keep the Tier 2 per-item pre-incentive fee the same.

The Reserve Banks will decrease the surcharge for transfers exceeding \$10 million from \$0.15 to \$0.14.

The Reserve Banks will increase the FedPayments Manager import/export monthly fee from \$45 to \$50. In addition, the Reserve Banks will increase the offline transaction surcharge from \$45 to \$50. The Reserve Banks estimate that the price changes will result in an approximate 4.7 percent average price increase for Fedwire Funds customers.

The Reserve Banks will not change National Settlement Service fees for 2015. The Reserve Banks' Fedwire Funds and National Settlement Services fees are consistent with their multi-year strategy to minimize pricing volatility while undertaking ongoing technology upgrades and related projects to further strengthen information security.

The primary risk to the Reserve Banks' ability to achieve budgeted 2015 cost recovery for these services is cost overruns and schedule delays from unanticipated problems with managing complex technology programs.

F. Fedwire Securities Service — Table 12 shows the 2013 actual, 2014 estimate, and 2015 budgeted cost recovery performance for the Fedwire Securities Service.³⁸

³⁸ The Reserve Banks provide transfer services for securities issued by the U.S. Treasury, federal government agencies, government-sponsored enterprises, and certain international institutions. The priced component of this service, reflected in this memorandum, consists of revenues, expenses, and volumes associated with the transfer of all non-Treasury securities. For Treasury securities, the U.S. Treasury assesses fees for the securities transfer component of the service. The Reserve Banks assess a fee for the funds settlement component of a Treasury securities transfer; this component is not treated as a priced service.

Table 12

Fedwire Securities Service Pro Forma Cost and Revenue Performance (dollars in millions)					
YEAR	1 REVENUE	2 TOTAL EXPENSE	3 NET INCOME (ROE) [1-2]	4 TARGETED ROE	5 RECOVERY RATE AFTER TARGETED ROE [1/(2+4)]
2013 (actual)	26.9	25.3	1.5	0.2	105.0%
2014 (estimate)	23.8	23.4	0.4	0.3	100.1%
2015 (budget)	26.0	26.5	-0.6	0.4	96.5%

1. 2014 Estimate — The Reserve Banks estimate that the Fedwire Securities Service will recover 100.1 percent of total expenses and targeted ROE, compared with a 2014 budgeted recovery rate of 98.0 percent. The higher-than-expected cost recovery is primarily due to lower-than-budgeted information technology and pension costs, which offset weaker-than-anticipated volumes and associated revenue.

Through September, Fedwire Securities Service online volume was 31.5 percent lower than the same period last year. For full-year 2014, the Reserve Banks estimate Fedwire Securities Service online volume to decline 30.8 percent from 2013 levels, compared to a budgeted decline of 10.9 percent.

2. 2015 Pricing — The Reserve Banks expect the Fedwire Securities Service to recover 96.5 percent of total expenses and targeted ROE in 2015. The Reserve Banks project that 2015 revenue and expenses will increase by \$2.2 million and \$3.1 million, respectively, compared to 2014 estimates.

The Reserve Banks project that online transfer activity will decline by 12.9 percent in 2015, the number of accounts maintained will decrease by 14.1 percent, and the number of agency securities maintained will increase by 0.1 percent.³⁹ The projected decline in

³⁹ The online transfer fee, monthly account maintenance fee, and monthly issue maintenance fee accounted for 92 percent of total Fedwire Securities Service revenue through June 2014.

account maintenance activity reflects customer closures of empty accounts to avoid unnecessary expenses and increased competition in collateral management services.⁴⁰ The Reserve Banks also estimate a decrease in online transfer activity, driven by lower expected issuance of mortgage-backed and agency debt securities. The reduction in mortgage-backed securities issuance reflects gradually increasing interest rates and lower anticipated mortgage refinancing. The reduction in agency debt issuance reflects a further required reduction in government sponsored enterprise portfolios, which has led to a reduced funding need for new debt issuance.

Expenses are budgeted to increase by \$3.1 million from 2014 estimates, reflecting higher technology upgrade costs. The higher technology upgrade costs, however, are expected to be partially offset by higher Treasury reimbursements.⁴¹

The Reserve Banks will increase various fees for the Fedwire Securities Service. The Reserve Banks will increase the online transfer fee from \$0.54 to \$0.65, the monthly account maintenance fee from \$40 to \$48, and the monthly issue maintenance fee from \$0.54 to \$0.65 per issue. The Reserve Banks will also increase the Joint Custody Origination Surcharge from \$40 to \$44. The Reserve Banks estimate that the price changes will result in an approximate 19.1 percent average price increase for Fedwire Securities customers.

The primary risk to the Reserve Banks' ability to achieve budgeted 2015 cost recovery for these services is cost overruns and schedule delays from unanticipated problems with managing complex technology upgrades.

⁴⁰ Specifically, collateral management services refers to the Fedwire Securities Joint Custody Service, which facilitates the collateralization of deposits made by a government entity, through the pledging of book-entry securities by its depository institution. Approximately 72 percent of Fedwire Securities priced accounts are collateral accounts related to the Joint Custody Service.

⁴¹ Treasury reimbursement is calculated by multiplying costs by the ratio of Treasury to agency transfers. In 2015, Treasury projects its transfer volume will remain flat, while the Reserve Banks expect agency transfers to decrease. Therefore, the higher projected ratio of Treasury to agency transfers will result in Treasury reimbursing a higher portion of total costs.

G. FedLine Access — The Reserve Banks charge fees for the electronic connections that depository institutions use to access priced services and allocate the costs and revenue associated with this electronic access to the various priced services. There are currently five FedLine channels through which customers can access the Reserve Banks' priced services: FedMail, FedLine Web[®], FedLine Advantage, FedLine Command[®], and FedLine Direct.⁴² The Reserve Banks package these channels into ten FedLine packages, described in the two paragraphs below, that are supplemented by a number of premium (or à la carte) access and accounting information options. In addition, the Reserve Banks offer FedComplete packages, which are bundled offerings of a FedLine Advantage connection and a fixed number of FedACH, Fedwire Funds, and Check 21-enabled services.

Five attended access packages offer access to critical payment and information services via a web-based interface. The FedLine Exchange package (formerly the FedMail Email package) provides access to basic information services via email, while two FedLine Web packages offer an e-mail option plus online attended access to a range of services, including cash services, FedACH information services, and check services. Three FedLine Advantage packages expand upon the FedLine Web packages and offer attended access to critical transactional services: FedACH, Fedwire Funds, and Fedwire Securities.

Four unattended access packages are computer-to-computer, IP-based interfaces designed for medium-to high-volume customers. The FedLine Command package offers an unattended connection to FedACH, as well as most accounting information services. The three remaining packages are FedLine Direct packages, which allow for unattended connections at one

⁴² FedMail, FedLine Web, FedLine Advantage, FedLine Command, and FedLine Direct are registered trademarks of the Federal Reserve Banks.

of three connection speeds to FedACH, Fedwire Funds, and Fedwire Securities transactional and information services and to most accounting information services.⁴³

Many of the FedLine access solutions fees in 2015 are designed to encourage customers to migrate to more efficient access solutions. The Reserve Banks will increase the fees on legacy services, such as an additional \$10 per month for FedMail Fax, \$300 per month for FedLine Direct (56K), and \$400 for an additional 56K connection. The Reserve Banks also will introduce a \$2,500 per month surcharge for those depository institutions that continue to use the AT&T VPN after February 1, 2015, instead of migrating to the Sprint VPN.

In addition, the Reserve Banks will make other changes to FedLine pricing for 2015 to improve contingency preparedness between Reserve Banks and depository institutions. In particular, the Reserve Banks will add to the FedLine Advantage channel a new package, FedLine Advantage Premier that will be priced at \$500 per month and includes a secondary VPN device.⁴⁴ FedLine Advantage Premier will also include the FedTransaction Analyzer[®] tool, which enables depository institutions to streamline after-the-fact analysis of payment transactions and automate reporting processes. Depository institutions with more than 250 Fedwire transactions, or more than one routing number, will have access to the FedTransaction Analyzer tool via FedLine Advantage Premier rather than FedLine Advantage Plus package.⁴⁵

The Reserve Banks will introduce two new tiers to FedComplete package solutions called FedComplete 100 Premier and FedComplete 200 Premier, which are \$850 and

⁴³ The FedLine Direct base-level package is available to current customers only and will be phased out in 2015 due to elimination of 56K line speed.

⁴⁴ All customers, regardless of their chosen electronic access channel, are responsible for the purchase and installation of each VPN device.

⁴⁵ Current FedTransaction Analyzer customers will be automatically moved to FedLine Advantage Premier if they originate and receive more than 250 Fedwire funds transfers or have more than one routing number in a given month. Customers can opt out of the increased fees by discontinuing their use of the FedTransaction Analyzer tool or the FedLine Advantage access solution.

\$1,375 per month, respectively. These FedComplete packages include FedLine Advantage Premier.

II. ANALYSIS OF COMPETITIVE EFFECT

All operational and legal changes considered by the Board that have a substantial effect on payments system participants are subject to the competitive impact analysis described in the March 1990 policy, *The Federal Reserve in the Payments System*.⁴⁶ Under this policy, the Board assesses whether proposed changes would have a direct and material adverse effect on the ability of other service providers to compete effectively with the Federal Reserve in providing similar services because of differing legal powers or constraints or because of a dominant market position deriving from such legal differences. If any proposed changes create such an effect, the Board must further evaluate the changes to assess whether the benefits associated with the changes — such as contributions to payment system efficiency, payment system integrity, or other Board objectives — can be achieved while minimizing the adverse effect on competition.

The changes for 2015 are limited to product enhancements and pricing modifications; no new products or pricing constructs are introduced. These changes will not have a direct and material adverse effect on the ability of other service providers to compete effectively with the Reserve Banks in providing similar services. The changes should permit the Reserve Banks to earn a ROE that is comparable to overall market returns and provide for full cost recovery over the long run.

⁴⁶ Federal Reserve Regulatory Service (FRRS) 9-1558.

III. 2015 FEE SCHEDULES

FEDACH SERVICE 2015 FEE SCHEDULE

EFFECTIVE JANUARY 2, 2015.

BOLD INDICATES CHANGES FROM 2014 PRICES.

	Fee
FedACH minimum monthly fee	
Originating Depository Financial Institution (ODFI) ⁴⁷	\$35.00
Receiving Depository Financial Institution (RDFI) ⁴⁸	\$25.00
Origination (per item or record) ⁴⁹	
Forward or return items in small files	\$0.0030
Forward or return items in large files	\$0.0025
Addenda record	\$0.0015
FedLine Web [®] -originated returns and notification of change (NOC) fee ⁵⁰	\$0.35
Facsimile exception returns/NOC ⁵¹	\$45.00
Automated NOC fee	\$0.20
Volume-based discounts (based on monthly billed receipt volume) ⁵²	
Per item when receipt volume is 10,000,001 to 17,500,000 items per month	\$0.0002 discount
Per item when receipt volume is more than 17,500,000 items per month	\$0.0003 discount
Receipt (per item or record)	
Forward item	\$0.0025
Return item	\$0.0075
Addenda record	\$0.0015
On-us receipt credit ⁵³	\$0.0025 discount
Volume-based discounts (forward items excluding FedACH SameDay service items)	
Non-Premium Receivers—RDFIs receiving less than 90 percent of total network volume through FedACH	
Per item when volume is 1,000,001 to 12,500,000 items per month ⁵⁴	\$0.0007 discount
Per item when volume is more than 12,500,000 items per month ⁵⁵	\$0.0009 discount
Premium Receivers, level one—RDFIs receiving at least 90 percent of FedACH-originated volume through FedACH	
Per item when volume is 1,000,001 to 2,500,000 items per month ⁵⁸	\$0.0007 discount
Per item when volume is 2,500,001 to 12,500,000 items per month ⁵⁸	\$0.0008 discount
Per item when volume is more than 12,500,000 items per month ⁵⁹	\$0.0010 discount

⁴⁷ Any ODFI incurring less than \$35 in forward value and non-value item origination fees will be charged a variable amount to reach the minimum.

⁴⁸ Any RDFI not originating forward value and non-value items and incurring less than \$25 in receipt fees will be charged a variable amount to reach the minimum.

⁴⁹ Small files contain fewer than 2,500 items and large files contain 2,500 or more items.

⁵⁰ The fee includes the item and addenda fees in addition to the conversion fee.

⁵¹ The fee includes the item and addenda fees in addition to the conversion fee. Reserve Banks also assess a \$30 fee for every government paper return/NOC they process.

⁵² Origination discounts apply only to those items received by FedACH receiving points and are available only to Premium Receivers.

⁵³ Depository institutions originating and receiving items on the same routing number.

⁵⁴ This per-item discount is a reduction to the standard receipt fees listed in this fee schedule.

⁵⁵ Receipt volumes of more than 12,500,000 items per month qualify for the waterfall discount which includes all FedACH receipt items.

Premium Receivers, level two—RDFIs receiving at least 90 percent of ACH volume originated through FedACH or EPN	
Per item when volume is 1,000,001 to 2,500,000 items per month ⁵⁸	\$0.0007 discount
Per item when volume is 2,500,001 to 12,500,000 items per month ⁵⁸	\$0.0009 discount
Per item when volume is more than 12,500,000 items per month ⁵⁹	\$0.0011 discount

FedACH SameDay Service

Origination^{56,57}

Forward item in a small file	\$0.0030 surcharge
Forward item in a large file	\$0.0035 surcharge
Addenda record	\$0.0015 surcharge
Return item in a small file	\$0.0030 discount
Return item in a large file	\$0.0025 discount
Return addenda record	\$0.0015 discount

Receipt⁵⁸

Forward item	\$0.0025 discount
Return item	\$0.0075 discount
Addenda record (forward/return)	\$0.0015 discount

Monthly FedACH Risk[®] Management fees⁵⁹

Risk Origination Monitoring Service/RDFI Alert Service package pricing

For up to 5 criteria sets	\$35.00
For 6 through 11 criteria sets	\$70.00
For 12 through 23 criteria sets	\$125.00
For 24 through 47 criteria sets	\$150.00
For 48 through 95 criteria sets	\$250.00
For 96 through 191 criteria sets	\$425.00
For 192 through 383 criteria sets	\$675.00
For 384 through 584 criteria sets	\$850.00
For 585+ criteria sets	\$1,100.00

Risk origination monitoring batch

For 1 through 100,000 batches	\$0.007/batch
For 100,000+ batches	\$0.0035/batch

Monthly FedPayments Reporter Service

FedPayments Reporter Service package pricing includes

Standard reports ⁶⁰	
ACH volume summary by SEC code report - customer ⁶¹	
Daily return ratio report	
Monthly return ratio report	
Receiver setup report	
Report delivery via FedLine file access solution (monthly fee)	
For up to 50 reports	\$35.00

⁵⁶ This per-item surcharge is in addition to the standard origination fees for forward items.

⁵⁷ This per-item discount is a reduction to the standard origination fees for return items.

⁵⁸ This per-item discount is a reduction to the standard receipt fees.

⁵⁹ Criteria may be set for both the origination monitoring service and the RDFI alert service. Subscribers with no criteria set up will be assessed the \$35 monthly package fee.

⁶⁰ Standard reports include Customer Transaction Activity, Death Notification, International (IAT), Notification of Change, Payment Data Information File, Remittance Advice Detail, Remittance Advice Summary, Return Item, Return Ratio, Social Security Beneficiary, and Originator Setup Reports.

⁶¹ ACH volume summary by SEC code reports generated on demand are subject to a \$1.00 per report surcharge.

For 51 through 150 reports	\$55.00
For 151 through 500 reports	\$100.00
For 501 through 1,000 reports	\$180.00
For 1,001 through 1,500 reports	\$260.00
For 1,501 through 2,500 reports	\$420.00
For 2,501 through 3,500 reports	\$580.00
For 3,501 through 4,500 reports	\$740.00
For 4,501 through 5,500 reports	\$900.00
For 5,501 through 7,000 reports	\$1,100.00
For 7,001 through 8,500 reports	\$1,300.00
For 8,501+ reports	\$1,500.00
 Premier reports ⁶²	
ACH volume summary by SEC code report - depository financial institution	
Reports 1 through 5	\$10.00/report
Reports 6 through 10	\$6.00/report
Reports 11+	\$1.00/report
On Demand	\$1.00/report surcharge
ACH volume summary by SEC code report – customer	
On Demand	\$1.00/report surcharge
Monthly ACH routing number activity report	
Reports 1 through 5	\$10.00/report
Reports 6 through 10	\$6.00/report
Reports 11+	\$1.00/report
On-us inclusion	
Participation fee	\$10.00/month/RTN
Per-item fee	\$0.0030
Per-addenda fee	\$0.0015
Report delivery via encrypted email	\$0.20/email
 Other fees	
Monthly fee (per routing number)	
Account servicing fee ⁶³	\$45.00
FedACH settlement ⁶⁴	\$55.00
Information extract file	\$100.00
IAT Output File Sort	\$75.00
Notification of change participation fee ⁶⁵	\$5.00
 Non-electronic input/output fee ⁶⁶	
CD or DVD input/output	\$50.00
Paper input/output	\$50.00
FedGlobal ACH Payments	
Canada service fee	

⁶² Premier reports generated on demand are subject to the package/tiered fees plus a surcharge.

⁶³ The account servicing fee applies to routing numbers that have received or originated FedACH transactions. Institutions that receive only U.S. government transactions through the Reserve Banks or that elect to use EPN exclusively are not assessed this fee.

⁶⁴ The FedACH settlement fee is applied to any routing number with activity during a month, including institutions that elect to use EPN exclusively but also have items routed to or from customers that access the ACH network through FedACH. This fee does not apply to routing numbers that use the Reserve Banks for only U.S. government transactions.

⁶⁵ The notification of change fee is applied to any routing number with activity during a month. This fee does not apply to routing numbers that use the Reserve Banks for only U.S. government transactions.

⁶⁶ Limited services are offered in contingency situations.

Item originated to Canada ⁶⁷	\$0.62
Return received from Canada ⁶⁸	\$0.99
Trace of item at receiving gateway	\$5.50
Trace of item not at receiving gateway	\$7.00
Mexico service fee	
Item originated to Mexico ⁶⁷	\$0.67
Return received from Mexico ⁶⁸	\$0.91
Item trace	\$13.50
A2R item originated to Mexico ^{67,69}	\$3.45
F3X item originated to Mexico ^{68,70}	\$0.67
Panama service fee	
Item originated to Panama ⁶⁷	\$0.72
Return received from Panama ⁶⁸	\$1.00
Item trace	\$7.00
NOC	\$0.72
Latin America service fee	
A2R item originated to Latin America ^{67,69}	\$4.40
Return received from Latin America ⁶⁸	\$0.72
Item trace	\$5.00
Europe service fee	
Item originated to Europe ⁶⁷	\$1.25
F3X item originated to Europe ^{67,70}	\$1.25
Return received from Europe ⁶⁸	\$1.35
Item trace	\$7.00

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⁶⁷ This per-item surcharge is in addition to the standard domestic origination and input file processing fees.

⁶⁸ This per-item surcharge is in addition to the standard domestic receipt fees.

⁶⁹ Account-to-receiver (A2R) allows funds from accounts at a U.S. depository institution to be retrieved by any receiver at either a participating bank location or a trusted, third-party provider.

⁷⁰ Payments are both transferred and received in foreign currency. The foreign exchange rate and settlement is managed and processed by participating U.S. depository institutions and the respective foreign gateway operators via their foreign correspondent banks.

FEDWIRE FUNDS AND NATIONAL SETTLEMENT SERVICES 2015 FEE SCHEDULE

EFFECTIVE JANUARY 2, 2015.
BOLD INDICATES CHANGES FROM 2014 PRICES.

Fedwire Funds Service

	Fee
Monthly participation fee	\$90.00
Basic volume-based pre-incentive transfer fee (originations and receipts)	
Per transfer for the first 14,000 transfers per month	\$0.73
Per transfer for additional transfers up to 90,000 per month	\$0.24
Per transfer for every transfer over 90,000 per month	\$0.15
Volume-based transfer fee with the incentive discount (originations and receipts)⁷¹	
Per eligible transfer for the first 14,000 transfers per month	\$0.148
Per eligible transfer for additional transfers up to 90,000 per month	\$0.048
Per eligible transfer for every transfer over 90,000 per month	\$0.030
Surcharge for offline transfers (originations and receipts)	\$50.00
Surcharge for high-value payments > \$10 million	\$0.14
Surcharge for high-value payments > \$100 million	\$0.36
Surcharge for payment notification	\$0.20
Surcharge for late-day transfer originations ⁷²	\$0.26
Monthly FedPayments Manager import/export fee⁷³	\$50.00

National Settlement Service

Basic	
Settlement entry fee	\$1.50
Settlement file fee	\$30.00
Surcharge for offline file origination	\$45.00
Minimum monthly charge (account maintenance) ⁷⁴	\$60.00
Special settlement arrangements ⁷⁵	
Fee per day	\$150.00

⁷¹ The incentive discounts apply to the volume that exceeds 60 percent of a customer's historic benchmark volume. Historic benchmark volume is based on a customer's average daily activity over the previous five calendar years. If a customer has fewer than five full calendar years of previous activity, its historic benchmark volume is based on its daily activity for as many full calendar years of data as are available. If a customer has less than one year of prior activity, then the customer qualifies automatically for incentive discounts for the year. The applicable incentive discounts are as follows:

\$0.582 for transfers up to 14,000; \$0.192 for transfers 14,001 to 90,000; and \$0.120 for transfers over 90,000.

⁷² This surcharge applies to originators of transfers that are processed by the Reserve Banks after 5:00 p.m. ET.

⁷³ This fee is charged to any Fedwire Funds participant that originates a transfer message via the FedPayments Manager (FPM) Funds tool and has the import/export processing option setting active at any point during the month.

⁷⁴ This minimum monthly charge is only assessed if total settlement charges during a calendar month are less than \$60.

⁷⁵ Special settlement arrangements use Fedwire Funds transfers to effect settlement. Participants in arrangements and settlement agents are also charged the applicable Fedwire Funds transfer fee for each transfer into and out of the settlement account.

**FEDWIRE SECURITIES SERVICE 2015 FEE SCHEDULE
(NON-TREASURY SECURITIES)**

EFFECTIVE JANUARY 2, 2015.

BOLD INDICATES CHANGES FROM 2014 PRICES.

	Fee
Basic transfer fee	
Transfer or reversal originated or received	\$0.65
Surcharge	
Offline origination & receipt surcharge	\$66.00
Monthly maintenance fees	
Account maintenance (per account)	\$48.00
Issues maintained (per issue/per account)	\$0.65
Claim adjustment fee	\$0.75
Joint Custody Origination Surcharge	\$44.00

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FEDLINE 2015 FEE SCHEDULE

EFFECTIVE JANUARY 2, 2015.

BOLD INDICATES CHANGES FROM 2014 PRICES.

FedComplete Packages (monthly)⁷⁶

FedComplete 100 Plus **\$775.00**

Includes: 7,500 FedForward transactions
70 FedReturn[®] transactions
14,000 FedReceipt[®] transactions
35 Fedwire funds origination transfers
35 Fedwire funds receipt transfers
Fedwire participation fee
1,000 FedACH origination items
FedACH minimum fee
7,500 FedACH receipt items
FedACH receipt minimum fee
10 FedACH web return/NOC
500 FedACH addenda originated
1,000 FedACH addenda received
FedACH account servicing
FedACH settlement
FedLine Advantage Plus
FedLine subscriber 5-pack
FedLine Exchange subscriber 5-pack

FedComplete 100 Premier **\$850.00**

Includes: **7,500 FedForward transactions**
70 FedReturn transactions
14,000 FedReceipt transactions
35 Fedwire funds origination transfers
35 Fedwire funds receipt transfers
Fedwire participation fee
1,000 FedACH origination items
FedACH minimum fee
7,500 FedACH receipt items
FedACH receipt minimum fee
10 FedACH web return/NOC
500 FedACH addenda originated
1,000 FedACH addenda received
FedACH account servicing
FedACH settlement
FedLine Advantage Premier
FedLine subscriber 5-pack

⁷⁶ FedComplete packages are all-electronic service options that bundle payment services with an access solution for one monthly fee.

FedLine Exchange subscriber 5-pack

FedComplete 200 Plus

\$1,300.00

Includes: 25,000 FedForward transactions
225 FedReturn transactions
25,000 FedReceipt transactions
100 Fedwire funds origination transfers
100 Fedwire funds receipt transfers
Fedwire participation fee
2,000 FedACH origination items
FedACH minimum fee
25,000 FedACH receipt items
FedACH receipt minimum fee
20 FedACH web return/NOC
750 FedACH addenda originated
1,500 FedACH addenda received
FedACH account servicing
FedACH settlement
FedLine Advantage Plus
FedLine subscriber 5-pack
FedLine Exchange subscriber 5-pack

FedComplete 200 Premier

\$1,375.00

Includes: 25,000 FedForward transactions
225 FedReturn transactions
25,000 FedReceipt transactions
100 Fedwire funds origination transfers
100 Fedwire funds receipt transfers
Fedwire participation fee
2,000 FedACH origination items
FedACH minimum fee
25,000 FedACH receipt items
FedACH receipt minimum fee
20 FedACH web return/NOC
750 FedACH addenda originated
1,500 FedACH addenda received
FedACH account servicing
FedACH settlement
FedLine Advantage Premier
FedLine subscriber 5-pack
FedLine Exchange subscriber 5-pack

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FedComplete Excess Volume Surcharge ⁷⁷	
FedForward	\$0.01/item
FedReturn	\$0.7500/item
Fedwire funds origination	\$0.7000/item
FedACH origination	\$0.0025/item

FedComplete package credit incentive⁷⁸ (\$1,500.00)

FedLine Customer Access Solutions (monthly)⁷⁹

FedLine Exchange (formerly FedMail Email) \$40.00

FedLine Web \$110.00

Includes: FedLine Exchange
FedLine Web with no priced services subscriptions
FedACH information services (includes RDFI file alert service)
Check 21 services⁸⁰
Check 21 duplicate notification
Check adjustments
Service charge information
Account management information⁸¹

FedLine Web Plus \$140.00

Includes: FedLine Web traditional package
FedACH risk management services
FedACH FedPayments Reporter Service via secure e-mail
Check large dollar return
Check FedImage[®] services
Account management information
Cash management plus service
Various accounting and other inquiry and report services (Real-time Account Balance information, Daylight Overdraft Balance, and Available Funds Balance information; drill down and search features to view transaction details; daily Statement of Account and data files; collateral totals and details; and ex-post Daylight Overdraft reports).

FedLine Advantage \$380.00

Includes: FedLine Web traditional package
FedACH transactions
Fedwire funds transactions
Fedwire securities transactions

⁷⁷ Per-item surcharges are in addition to the standard fees listed in the applicable priced services fee schedules.

⁷⁸ New FedComplete package customers with a new FedLine Advantage connection are eligible for a one-time \$1,500 credit applied to their Federal Reserve service charges. Customers receiving credit must continue using the FedComplete package for a minimum of six months or forfeit the \$1,500 credit.

⁷⁹ VPN hardware for FedLine Advantage and FedLine Command is billed directly by the vendor. A list of fees can be found at http://www.frb services.org/files/servicefees/pdf/access/2013_vendor_fees.pdf.

⁸⁰ Check 21 services can be accessed via three options: FedLine Web, an Internet connection with Axway Secure Transport Client, or a dedicated connection using Connect:Direct.

⁸¹ Ex-post Daylight Overdraft Reports and the daily Statement of Account are available via FedMail.

Fedwire cover payments
 Check large dollar return
 Check FedImage services
 Account management information
 Various accounting services (ABMS inquiry, IAS/PSR inquiry, IAS detailed inquiries, notifications and advices, end-of-day accounting file (PDF))

FedLine Advantage Plus **\$425.00**

Includes: FedLine Advantage traditional package
 FedACH risk management services
 FedACH FedPayments Reporter Service via secure e-mail
 Fedwire Funds FedPayments Manager import/export
 FedTransaction Analyzer (**less than 250 FedWire transactions and one routing number per month**)
 Account management information with intra-day search

FedLine Advantage Premier **\$500.00**

Includes: **FedLine Advantage Plus package with no priced services subscriptions**
FedTransaction Analyzer (more than 250 Fedwire transactions and two routing numbers per month)
Secondary VPN device

FedLine Command Plus **\$1,000.00**

Includes: FedLine Advantage Plus package
 FedLine Command with two certificates
 Fedwire statement services
 Intra-day CI file
 Statement of account spreadsheet file (SASF)
 Financial Institution Reconciliation Data File (FIRD)
 Billing Data Format File (BDFF)

FedLine Direct⁸² **\$4,500.00**

Includes: FedLine Advantage traditional package
 56K Dedicated WAN Connection
 FedLine Command with two certificates
 FedLine Direct with two certificates
 Fedwire statement services
 Intra-day file (I-Day CI File)
 Statement of Account Spreadsheet File (SASF)
 Financial Institution Reconciliation Data File (FIRD)
 Billing Data Format File (BDFF)

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⁸² FedLine Direct is available to installed customer base only. The 56K option is not available for new orders.

FedLine Direct Plus	\$3,600.00
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Includes: FedLine Direct traditional package
56K or 256K Dedicated WAN Connection
FedACH risk management services
FedACH FedPayments Reporter Service via secure e-mail
Fedwire Funds FedPayments Manager import/export
FedTransaction Analyzer

FedLine Direct Premier	\$6,500.00
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Includes: FedLine Direct Plus package
T1 Dedicated WAN Connection

A La Carte Options (monthly)⁸³

Electronic Access

FedLine Exchange subscriber 5-pack ⁸⁴	\$10.00
FedLine subscriber 5-pack	\$80.00
Additional FedLine Command certificate ⁸⁵	\$100.00
Additional FedLine Direct certificate ⁸⁶	\$100.00
Maintenance of additional virtual private network device	\$60.00
FedLine Advantage 800# Usage (per hour)	\$3.00
Dial-Only VPN surcharge	\$1,000.00
Additional dedicated connections ⁸⁷	

56K	\$3,500.00
256K	\$2,500.00
T1	\$3,200.00

FedLine international setup (one-time fee)	\$5,000.00
FedLine Direct contingency solution ⁸⁸	\$1,000.00
Check 21 large file delivery	various

FedMail Fax	\$70.00
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Legacy VPN device surcharge⁸⁹	\$2,500.00
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VPN device modification	\$200.00
VPN device modification emergency surcharge	\$200.00
VPN device missed activation appointment	\$175.00
VPN device expedited hardware surcharge	\$100.00
VPN device replacement or move	\$300.00
Expedited legacy VPN device order/change ⁹⁰	\$500.00

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⁸³ These add-on services can be purchased only with a FedLine Customer Access Service option.

⁸⁴ There are no priced subscribers contained in the FedLine Exchange or FedLine packages.

⁸⁵ Additional FedLine Command Certificates available for FedLine Command and Direct packages only.

⁸⁶ Additional FedLine Direct Certificates available for FedLine Direct packages only.

⁸⁷ Network diversity supplemental charge of \$2,000 a month may apply in addition to these fees.

⁸⁸ FedLine Direct contingency solution is available only for FedLine Direct Plus & Premier packages.

⁸⁹ Effective February 1, 2015. Price will increase to \$5,000 on May 1, 2015 and \$7,500 on September 1, 2015.

⁹⁰ Applicable to VPN devices ordered before May 13, 2013.

Accounting Information Services

Cash Management System⁹¹

Plus – Own report—up to six files with no respondent/sub-account activity (per month)	\$60.00
Plus – Own report—up to six files with less than 10 respondent and/or sub-accounts (per month)	\$125.00
Plus – Own report—up to six files with 10-50 respondent and/or sub-accounts (per month)	\$250.00
Plus – Own report—up to six files with 51-100 respondents and/or sub-accounts (per month)	\$500.00
Plus – Own report—up to six files with 101-500 respondents and/or sub-accounts (per month)	\$750.00
Plus – Own report—up to six files with >500 respondents and/or sub-accounts (per month)	\$1,000.00
End-of-day financial institution reconciliation data file (per month) ⁹²	\$150.00
Statement of account spreadsheet file (per month) ⁹³	\$150.00
Intra-day download search file (with AMI) (per month) ⁹⁴	\$150.00
ACTS Report – < 20 sub-accounts	\$500.00
ACTS Report – 21-40 sub-accounts	\$1,000.00
ACTS Report – 41-60 sub-accounts	\$1,500.00
ACTS Report – >60 sub-accounts	\$2,000.00

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⁹¹ Cash Management Service options are limited to Plus and Premier packages.

⁹² End of Day Reconciliation File option is available to FedLine Web Plus and FedLine Advantage Plus packages.

⁹³ Statement of Account Spreadsheet File option is available to FedLine Web Plus and FedLine Advantage Plus packages.

⁹⁴ ACTS Report options are limited to FedLine Command Plus and FedLine Direct Plus and Premier packages.

**[THIS SIGNATURE PAGE RELATES TO THE NOTICE ENTITLED “FEDERAL
RESERVE BANK SERVICES” FRB DOCKET NO. OP-1500]**

By order of the Board of Governors of the Federal Reserve System, October 31, 2014.

Robert deV. Frierson,
Secretary of the Board.

[FR Doc. 2014-26322 Filed 11/05/2014 at 8:45 am; Publication Date: 11/06/2014]